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Livestock and Products

Annual

2007

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Report Highlights:
Lower production levels, a development forecast to extend throughout 2008, currently characterize Canada's beef and pork industries. Beef production in 2007 is expected to reach about 1.345 million metric tons (MMT), about 3.0% below the 2006 level. Pork output will fall about 2.5% from 1.898 MMT to about 1.850 MMT in the current year. These industries are deeply concerned about U.S. Country of Origin Labeling legislation that they feel could require U.S. buyers to segregate Canadian meat in the U.S. market resulting in a strong disincentive to import it. U.S. beef exports to Canada have returned to their pre-BSE level. The development is significant in that it occurred during a period of near-record cattle slaughter in Canada and demonstrates strong demand for U.S. beef in Canada.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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[CA]

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Executive Summary

THIS REPORT DOES NOT CONTAIN OFFICIAL USDA DATA

The inventory data in this report has been adjusted to align with the 2006 Census of Agriculture data released by Statistics Canada on May 16, 2007. The data contains revisions back to the last Census (2001) to many of the inventory elements of cattle and hog supply.

* Canadian beef and veal production is 2.5% lower in the first three quarters of 2007 compared to that period a year ago. A lower cattle inventory and prospects for increased exports of live cattle to the United States point to a further reduction in total beef and veal output during 2008 of about 3%.

* On September 14, 2007, USDA announced Minimal Risk Rule 2 (MRR2), a final rule that allows for the importation from Canada of live cattle and other bovines (i.e., bison) for any use (including breeding) born on or after, March 1, 1999. The action is not expected to result in a flood of older live cattle imports from Canada after its scheduled implementation on November 19, 2007.

* Post forecasts that by January 1, 2008, Canada's total cattle inventory will decline close to the pre-BSE level of 13.8 million head, a reduction of more than 1.0 million head from the opening inventory at the beginning of 2005, the year numbers hit their peak.

* U.S. exports of beef and veal to Canada returned to their pre-BSE level during 2007. The development is significant in that it occurred over a period of near-record cattle slaughter in Canada and demonstrates strong demand for U.S. beef in Canada.

* Canadian beef exports have not recovered to their pre-BSE level. Present Post analysis is that Canadian beef exports in 2008 may struggle to meet 2007 levels due to a combination of economic factors.

* Following several successive years of expansion, Canada's hog inventory peaked during 2005 at 15.2 million head. Since that time, lower Canadian exports of pork, declining slaughter capacity, and reduced profitability for producers have combined to result in the total hog inventory slipping to 14.7 million head on July 1, 2007, 2.5 % below a year earlier on that date and 3.3% below the peak of 15.2 million at July 1, 2005

* Post forecasts total Canadian pork production during 2007 at about 1.850 MMT, down 2.5% from the 1.898 MMT produced in 2006. For Canada's hog processing industry, the past 18 months has been characterized by several factors culminating in lower pork production.

* Canadian hog producers exported a record 8.8 million live hogs to the United States during 2006 and are on pace to export about 9.4 million head during 2007 based on trade data for the for the first seven months of the year. Exports in 2008 may be higher again.

* Canada's beef and pork industries are deeply concerned about U.S. Country of Origin Labeling legislation in that they fear COOL provisions could cause U.S. packers and purveyors of meat to be required to segregate Canadian meat in the U.S. market resulting in a strong disincentive to import Canadian slaughter animals and meat. They believe that significant trade disruption could result in substantial economic loss for the Canadian livestock and meat industry and claim that Canada would be justified challenging COOL in its present form at the WTO and under NAFTA.

Section I. Cattle and Beef

Production; Cattle and Beef

At the mid-point of 2007, the Statistics Canada livestock survey revealed that Canada's cattle population was continuing to contract. The herd peaked in 2005 reflecting the disruptions surrounding the BSE incident of May 2003 that severely backlogged the normal patterns of Canadian cattle marketing and trade. Post forecasts that by January 1, 2008, Canada's total cattle inventory will decline close to the pre-BSE level of 13.8 million head, a reduction of more than 1.0 million head from the opening inventory at the beginning of 2005.

Year-over-year cattle slaughter to the third week in September 2007 is 2.5% below the corresponding period last year. For the balance of the year, present prospects point to about a 3.0-3.5% decline in total cattle slaughter and beef production compared to 2006. Total Canadian beef and veal output will reach about 1.345 MMT compared to 1.391 MMT during 2006. As highlighted in the Semi-Annual Livestock Report, CA7010, March 2007, Post continues to hold that the ability of the Canadian cattle industry to recapture pre-BSE trade levels for cattle and beef will dictate the future size of the cattle herd. Since that report, there has been added pressure on the industry from the fast rise of the value of the Canadian dollar and from rising feed costs which are eroding the prospects for profitability.

Commodity	Animal Numbers, Cattle							(1000 HEAD)(PERCENT)	
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Total Cattle Beg. Stks	14830	14830	14655	14315	14315	14130	13875	13875	13725
Dairy Cows Beg. Stocks	1049	1049	1019	1040	1040	1005	0	0	1000
Beef Cows Beg. Stocks	5264	5264	5247	5001	5001	5000	0	0	4900
Production (Calf Crop)	5514	5514	5313	5300	5300	5270	0	0	5150
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	38	37	38	45	10	50	0	0	50
Total Imports	38	37	38	45	10	50	0	0	50
Total Supply	20382	20381	20006	19660	19625	19450	13875	13875	18925
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	1032	1032	1032	950	900	1250	0	0	1300
Total Exports	1032	1032	1032	950	900	1250	0	0	1300
Cow Slaughter	695	695	695	700	700	725	0	0	650
Calf Slaughter	325	325	329	335	335	340	0	0	330
Other Slaughter	3135	3135	2939	3000	3015	2760	0	0	2670
Total Slaughter	4155	4155	3963	4035	4050	3825	0	0	3650
Loss	880	879	881	800	800	650	0	0	600
Ending Inventories	14315	14315	14130	13875	13875	13725	0	0	13375
Total Distribution	20382	20381	20006	19660	19625	19450	0	0	18925

Production Outlook

For 2008, the decline in the cattle inventory, live cattle export trade, pressure on international exports reflecting the strength of the Canadian dollar, and the prospect of high feed costs injecting a disincentive to cattle feeding are expected to result in a further decline in total Canadian beef output in the range of about 3.0-3.3% from the current year's level. Assuming that MRR2 (see next page) goes into effect on November 19, 2007, there is a possibility of increased live cattle exports (i.e., over 30 months) during the final weeks of 2007 and throughout 2008 and increased exports of beef from OTM cattle. However, the estimates in this report do not presume that the expanded access policies are in place.

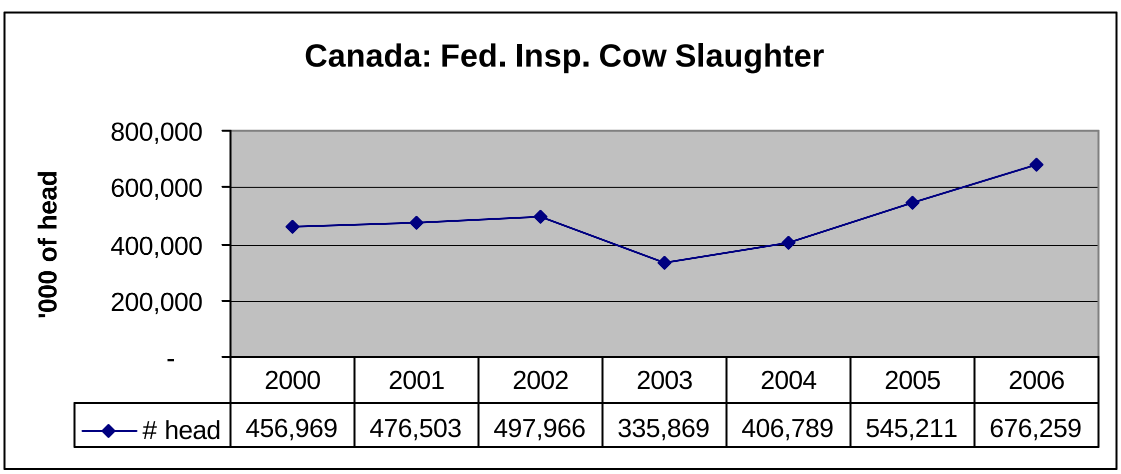
Commodity	Meat, Beef and Veal								(1000 HEAD)(1000 MT CWE)(P
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Slaughter (Reference)	4155	4155	3963	4035	4050	3825	0	0	3650
Beginning Stocks	41	41	41	45	45	49	50	50	45
Production	1425	1425	1391	1385	1400	1345	0	0	1300
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	159	159	180	170	170	225	0	0	240
Total Imports	159	159	180	170	170	225	0	0	240
Total Supply	1625	1625	1612	1600	1615	1619	50	50	1585
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	440	443	477	420	390	480	0	0	470
Total Exports	440	443	477	420	390	480	0	0	470
Human Dom. Consumpti	1140	1137	1086	1130	1175	1094	0	0	1075
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	1140	1137	1086	1130	1175	1094	0	0	1075
Ending Stocks	45	45	49	50	50	45	0	0	40
Total Distribution	1625	1625	1612	1600	1615	1619	0	0	1585

MRR2 and the Level of Canadian Live Cattle Exports to the U.S.

On July 18, 2005 the U.S. border re-opened to under 30 month old live cattle imports from Canada under the USDA's initial Minimal Risk Rule. It marked the first time in more than two years, since Canada's BSE incident of May 2003, that Canadian live cattle were eligible to enter the United States. The action went a long way to ease the situation of a burgeoning cattle inventory in Canada due to the BSE-related border closure.

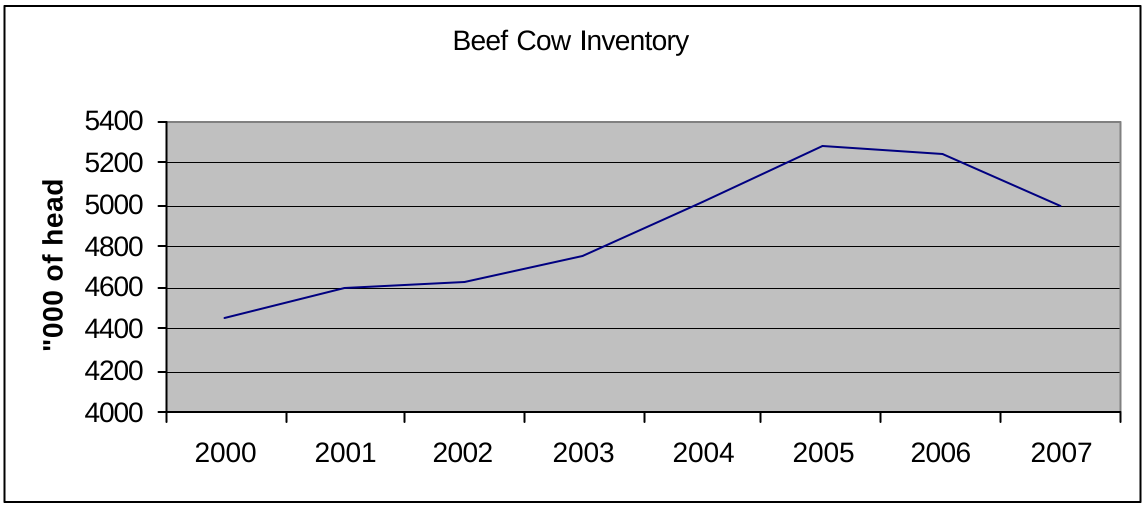
On September 14, 2007, USDA announced Minimal Risk Rule 2 (MRR2), a final rule that allows for the importation from Canada of live cattle and other bovines (i.e., bison) for any use (including breeding) born on or after, March 1, 1999, a date which APHIS has determined to be the effective enforcement of Canada's ruminant-to-ruminant feed ban. The final rule is scheduled to become effective November 19, 2007. There is keen interest as to whether the MRR2 would result in a flood of Canadian cull cattle exports to the United States. The following are some of Post's observations on the issue.

Normally, about 500,000-600,000 mature milking and breeding cattle are culled from Canada's breeding cow herd on an annual basis. According to a study commissioned by the Alberta Beef Producers, in the period prior to May 2003 (i.e., pre-BSE), it was common for Canada to export, on average about 250,000 live slaughter cows per year to the United States. Following the U.S. border BSE-related border measures, Canada had importantly increased its slaughter capacity for cull animals by 2004 and reduced imports of non-NAFTA beef (i.e., the similar processing beef that cull animals yield). Therefore, under present policies, the number of Canadian cull cattle likely to enter the United States under MRR2 is lower than its pre-BSE cohort. In addition, many Canadian cull cattle are currently older than eight years and the age requirement in the rule and would be a disqualifying factor to their export eligibility. As the March 1, 1999 date fades in time, more cull cattle will become age qualified but not necessarily age verified, another rule requirement. Canada's mandatory ID program only became effective in July 2002. Although Canadian cattle prices are expected to be under continued pressure from a stronger Canadian dollar, Canadian cow prices are forecast to strengthen when the MRR2 rule goes into effect on November 19, 2007. The more likely development is increased Canadian exports of over thirty month (OTM) beef to the United States rather than a flood of live cull cow exports.



The Rise and Fall of the Beef Cow Herd

Statistics Canada data show Canada's national cattle herd continued to decline in 2006, falling by 525,000 head to 14.1 million head on January 1, 2007 down 3.5% from a year ago on that date. Six months later, the StatCan August 2007 survey of the beef breeding herd suggests that the number of beef cows on July 1 2007 was 5.1 million head, down at least 323,000 head from the peak in 2005 and Post forecasts that they will decline to about 4.9 million head by January 1, 2008.



Consumption

Cattle Prices and the Stronger Canadian Dollar

In mid-September 2007, the Canadian dollar briefly traded at par with the U.S. dollar, a level not seen for thirty years. From its level at January 2005 of US$0.816, the Canadian dollar has risen 22.5% to US$1.001 by mid-September 2007. The development puts downward pressure on Canadian cattle market prices which tend to be established in the United States. In periods of a weak Canadian dollar, U.S. market prices returned a premium to Canadian sellers who were paid in U.S. dollars. With a Canadian dollar at par, cattle market prices in Canada reflect discounts at least equal to handling and freight to compete in live cattle and beef markets in the United States.

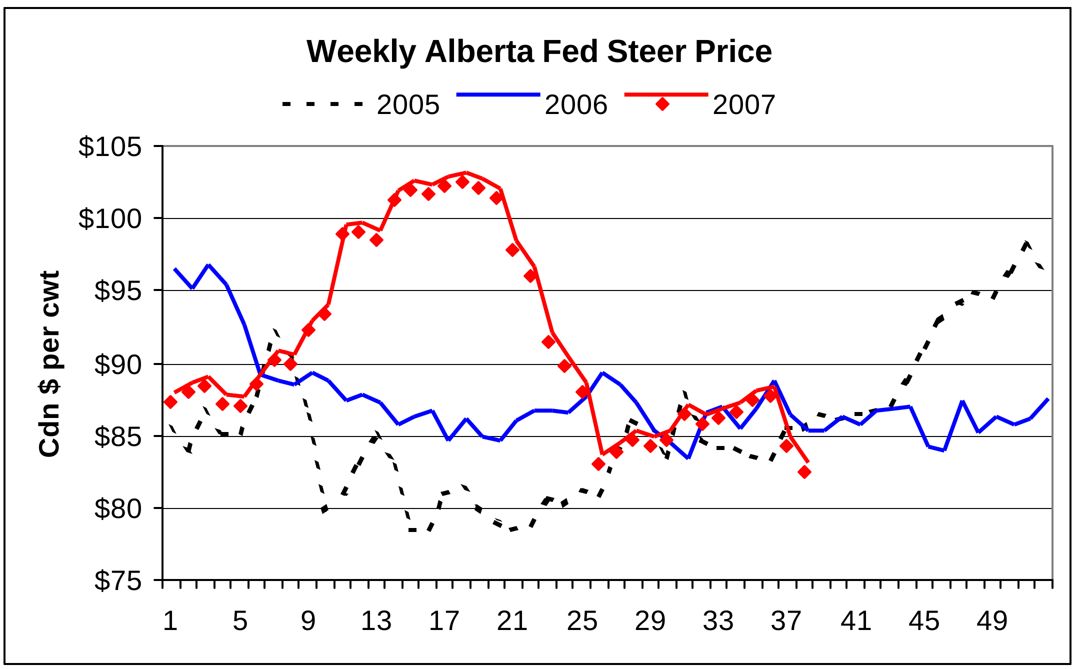
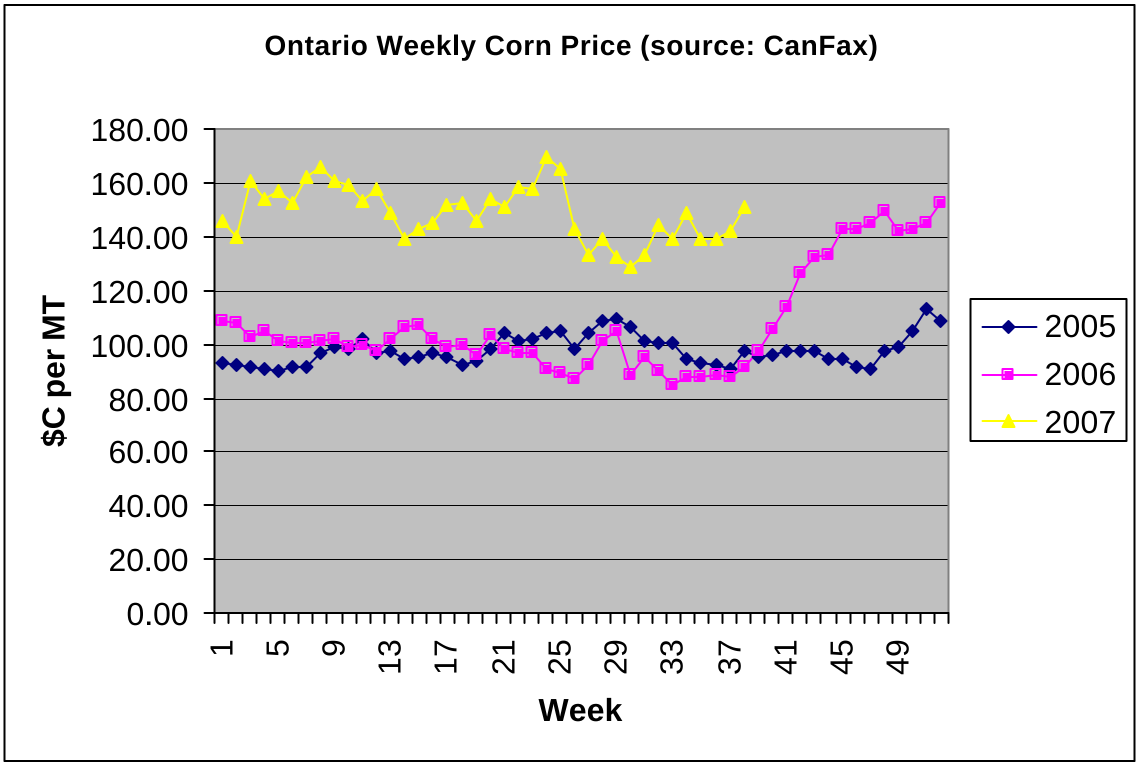


Chart Source: CanFax, Calgary Alberta

Impact of Corn Prices and Ethanol Production; High Feed Costs

According to Agriculture and Agri-Food Canada's (AAFC) Grains and Oilseeds Outlook, September 17, 2007, Canadian corn production is estimated to increase by 18% to a record 10.6 MMT due to higher area seeded. Food and industrial use in 2007-08 is forecast to increase by 34%, mainly as a result of increased ethanol production. AAFC forecasts corn for feed use to increase by less than 3% during 2007-08. Canadian cattle producers are concerned about spikes in grain corn prices from the increased competition for corn from the ethanol sector. Higher U.S. corn prices, related to ethanol sector developments, set the price floor in Canada and the resultant higher Canadian corn prices act as a disincentive to cattle feeding. Since the dramatic rise in corn prices about a year ago, there has been downward pressure on feeder cattle prices as those engaged in cattle feeding weigh their profitability prospects.



In western Canada, barley prices are 50% greater than a year ago and Alberta feeder cattle prices in early September 2007 are under pressure. The number of cattle on feed in Alberta and Saskatchewan on September 1, 2007 declined 1% from a year ago. There is anxiety in the cattle feeding industry that the production of ethanol, a fuel that can be produced from grain or other plant material, could cause the cost of feed to increase due to increased competition for the raw product(s). However, there is also increasing interest in distiller's grains (a by-product of the ethanol industry) as cattle feed, but their application in cattle feeds is not widespread. In the future, as the capacity of the western Canadian ethanol industry increases, the integration of the cattle industry and the ethanol industry, and the utilization of distiller's grains is expected to increase.

Per Capita

Canadian per capita beef consumption advanced to 32.81 kilograms in 2006, up 2.1% from the previous year. There is no evidence that beef's popularity among Canadian consumers has been adversely impacted by the detection of ten cases of BSE in Canada since May 2003 (the latest in April 2007). In fact, comparing beef per capita consumption with chicken since 2002, the year prior to the first BSE detection, Canadian beef disappearance advanced 3.6% over the five year period ending 2006 while per capita chicken disappearance rose 3.5%. Pork per capita consumption over the same time period slipped 16.2%.

Canadian Per Capita Beef and Veal Consumption

Units: carcass weight						Forecast *
	2002	2003	2004	2005	2006	2007
kilograms per person	31.70	32.98	31.81	32.12	32.81	33.10

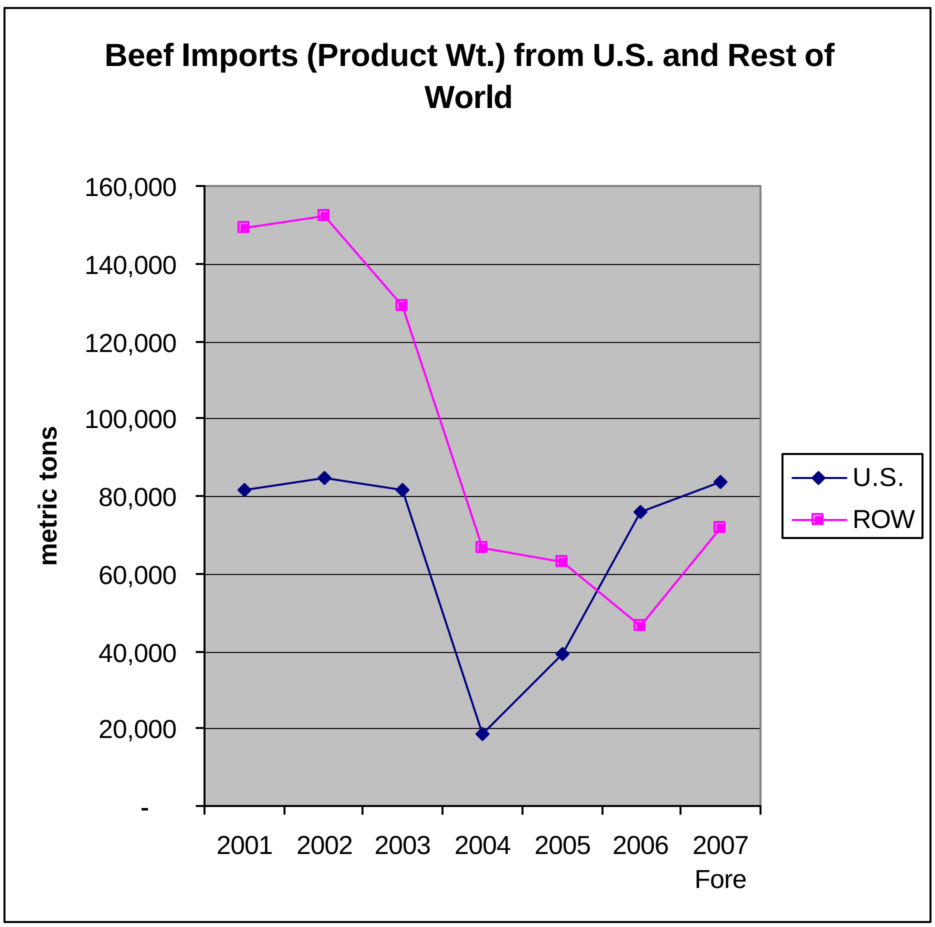
Sources: Statistics Canada and Post Forecast

Trade

Imports

In product weight terms, U.S. exports of beef and veal to Canada during 2007 have recovered to their pre-BSE level. The development is significant in that it occurred during a period of near-record cattle slaughter in Canada due to the BSE-related backlog in Canadian cattle numbers. Post believes that the strong demand for U.S. beef in Canada is related to the changes in the slaughter and beef marketing pattern in Canada that was profoundly disrupted by BSE. The Canadian industry had to absorb all the cull cattle and over 30 month beef that it could not export to the U.S. Also, fed slaughter in Canada trended lower and as the Canadian dollar strengthened, the increased purchasing power of those in the HRI sector who prefer high quality U.S. beef (especially the higher end restaurant and hotels in Ontario, where the preferred menu offerings are high grade U.S. steaks and cuts) resulted in increased purchases of U.S beef. In addition, there is anecdotal evidence that the major foodservice companies are importing more U.S. beef.

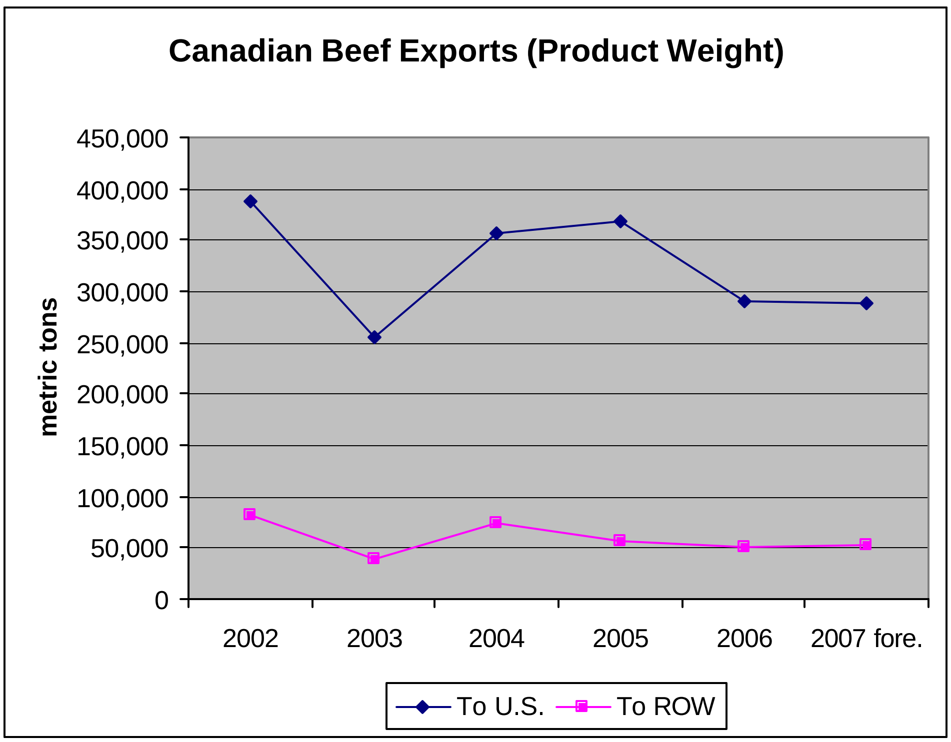
Following the detection of BSE in Alberta in 2003, the GOC moved to restrict the issuances of supplementary beef imports form non-NAFTA suppliers (see Marketing Section for summary of Canada's beef TRQ). The chart below illustrates historic U.S. beef exports to Canada. The recent spike from other suppliers mostly reflects product imported from Uruguay.



Presently, the prospects for a further increase in the Canadian demand for U.S. beef during 2008 is promising. Canada's cattle inventory is lower and fed slaughter levels are expected to be down; high corn prices in Ontario could impact cattle feeding activity in Canada's third most important cattle raising province and the stronger Canadian dollar is expected to increase U.S. beef purchases by the foodservice and retail sectors.

Exports

The chart below illustrates that Canadian beef exports have not recovered to their pre-BSE level. Seven months of trade data for 2007 show total Canadian beef and veal exports as flat compared to a year ago at that time. With all of Canada's major markets accepting or partially accepting Canadian beef under their BSE import measures, it would appear that any Canadian successes at lifting BSE-related restrictions in other markets would have only minor impact on total beef exports. For 2008, prospects do exist under MRR2 to export additional beef from older animals to the United States, but this prospective development could be significantly hindered by the increase in the value of the Canadian dollar, resulting in Canadian beef being less competitive in all markets. Present Post analysis is that total beef exports in 2008 may struggle to meet 2007 levels.



Policy

Enhanced Feed Ban

In June 2006, the Canadian Food Inspection Agency announced it would attempt to eradicate BSE from the domestic cattle herd by preventing 99% of any potential BSE infectivity from entering the feed system. Canada's "Enhanced Feed Ban" (EFB) became effective on July 12, 2007 and the regulation bans specified risk materials (SRM) from all livestock feeds, pet foods, and fertilizers. Canada already protects human health by applying a similar SRM (removal) policy for beef for human consumption. SRMs are the cattle parts that are most likely to contaminate feed with the BSE infective agent. To keep SRMs out of the feed chain, Canada will place strict new requirements on the handling, transport, and disposal of SRMs. This action will affect cattle producers, slaughter plants, renderers, feed manufacturers and fertilizer and pet food plants. While it is largely aimed at introducing new domestic controls, the development is an important concern to the U.S. pet food industry because Canada is the industry's number one export market. U.S. pet food sales (dog and cat) to Canada during 2006 reached a record $393 million and accounted for 37% of total U.S. pet food sales worldwide. Under Canada's EFB, only U.S. pet food that is free from SRM will be permitted entry. USDA's Animal and Plant Health Inspection Service and CFIA are presently exchanging dialogue on Canada's new pet food import requirements.

Country of Origin Labeling (COOL)

Canada's beef and pork industries are deeply concerned about U.S. Country of Origin Labeling legislation a provision of the U.S. Farm Bill which was postponed twice before but which is now scheduled to become effective by September 2008. Chicken and other poultry are not covered by the legislation. The fish and seafood provisions are already in place. Earlier this year, Canada's beef and pork industries formed the Canadian Livestock Producers Against COOL and issued a press release calling on the Canadian government to convince the US to repeal or substantially revise the mandatory COOL provisions of the U.S. Farm Bill. Beef and pork producers in Canada are concerned that the COOL provisions could cause U.S. packers and purveyors of meat to be required to segregate Canadian meat in the U.S. market resulting in a strong disincentive to import Canadian slaughter animals and meat. They believe that significant trade disruption could result in substantial economic loss for the Canadian livestock and meat industry and claim that Canada would be justified challenging COOL in its present form at the WTO and under NAFTA.

Marketing

Canada's Beef and Veal TRQ

Under NAFTA, there is no duty on U.S. beef and there are no quantitative controls on exports of U.S. beef to Canada. Canada does limit imports of non-NAFTA beef under a tariff rate quota system. Imports of non-NAFTA beef are limited to Canada's global minimum access commitment of 76,409 metric tons, within which there are two country-specific reserves: an allocation of 29,600 metric tons reserved for imports from New Zealand (NZ) and an allocation of 35,000 metric tons reserved for imports from Australia. The balance of the TRQ, 11,809,000 kilograms (known as the MFN reserve), is reserved for imports from all other eligible suppliers, including those from New Zealand and Australia once their country-specific allocations are filled. Goods imported in excess of the minimum access commitment may incur the higher "over access commitment" rate of duty, which is 26.5%.

Section II. Hogs and Pork

Following several successive years of expansion, Canada's hog inventory peaked during 2005 at 15.2 million head. Since that time, lower Canadian exports of pork, declining slaughter capacity, and reduced profitability for producers have combined to result in the total hog inventory slipping to 14.7 million head on July 1, 2007, 2.5 % below a year earlier on that date and 3.3% below the peak of 15.2 million at July 1, 2005.

Hogs, Supply and Disposition

Commodity	**Animal Numbers, Swine**						(1000 HEAD)(PERCENT)		
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Total Beginning Stocks	14730	14730	15110	14329	14329	14907	13850	14000	14400
Sow Beginning Stocks	1607	1607	1571	1591	1591	1546	0	0	1500
Production (Pig Crop)	33193	33193	32274	32775	32775	31900	0	0	31100
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	1	1	1	1	1	1	0	0	1
Total Imports	1	1	1	1	1	1	0	0	1
Total Supply	47924	47924	47385	47105	47105	46808	13850	14000	45501
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	8777	8785	8777	9350	9200	9400	0	0	9500
Total Exports	8777	8785	8777	9350	9200	9400	0	0	9500
Sow Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	21810	21810	21786	21000	21000	21200	0	0	20400
Total Slaughter	21810	21810	21786	21000	21000	21200	0	0	20400
Loss	3008	3000	1915	2905	2905	1808	0	0	1701
Ending Inventories	14329	14329	14907	13850	14000	14400	0	0	13900
Total Distribution	47924	47924	47385	47105	47105	46808	0	0	45501

Pork Production

Post forecasts total Canadian pork production during 2007 at about 1.850 MMT, down 2.5% from the 1.898 MMT produced in 2006. For Canada's hog processing industry, the past 18 months has been characterized by several factors culminating in lower pork production. They are: 1) Corporate restructuring by the largest hog processors resulting in some plant closures; 2) Adjustment to the longer term hog processing and pork marketing strategies of the major packers, (See FAS report numbers CA6046 and CA60503 re: Maple Leaf Foods); 3) falling domestic demand for pork, 4) reduced pork exports, and; 5) increased exports of live slaughter pigs to the United States.

Commodity	**Meat, Swine**							(1000 HEAD)(1000 MT CWE)(PI	
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Slaughter (Reference)	21810	21810	21786	21000	21000	21200	0	0	20400
Beginning Stocks	52	52	52	44	44	50	50	50	50
Production	1870	1870	1898	1810	1810	1850	0	0	1790
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	145	145	145	130	130	150	0	0	155
Total Imports	145	145	145	130	130	150	0	0	155
Total Supply	2067	2067	2095	1984	1984	2050	50	50	1995
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	1080	1080	1081	1050	1050	1040	0	0	1025
Total Exports	1080	1080	1081	1050	1050	1040	0	0	1025
Human Dom. Consumpti	751	751	772	694	694	770	0	0	730
Other Use, Losses	192	192	192	190	190	190	0	0	190
Total Dom. Consumption	943	943	964	884	884	960	0	0	920
Ending Stocks	44	44	50	50	50	50	0	0	50
Total Distribution	2067	2067	2095	1984	1984	2050	0	0	1995

Production Outlook

The outlook is for lower pork production during 2008. There is an overall decline in hog inventory numbers and increased exports of Canadian slaughter and feeder pigs to the United States above the 9.0 million head level in 2007 means that Canada is exporting a sizeable proportion of its potential pork production in live form. In addition, the recent dramatic rise of the Canadian dollar to a level above the value of the U.S. dollar, is expected to result in increased competition for Canadian pork in world markets. Post believes total pork output in 2008 may slip to about 1.790 MMT, down 3.2% from the present estimate for 2007 of 1.850 MMT.

There is acute concern in the Canadian hog industry over COOL legislation in the United States. Chiefly, the concern centers on the possibility that U.S. purchasers of Canadian live hogs, feeder or for slaughter, could be required to "label identify" the birth country, the country of raising, and the country of slaughter of imported pigs. Canada's industry is concerned that the expense of segregating Canadian animals and verifying their labeling will result in U.S. packers no longer purchasing Canadian swine.

Canadian Live Swine Exports to the U.S.

Canadian hog producers exported a record 8.8 million live hogs to the United States during 2006 and they are on pace to export about 9.4 million head during 2007 based on trade data for the first seven months of the year. As mentioned earlier in this report, Canadian hog plant closures have resulted in increased exports of slaughter swine to the United States in 2007, while increased feeder exports are partially tied to reduced profitability prospects for hog finishers in western Canada, citing high feed costs and weak hog market prices, and particularly in Manitoba where the industry is struggling with a climate of uncertainty surrounding environmental regulation that has banned hog barn expansion and thwarted processor expansion. For 2008, post forecasts a continued high level of live Canadian hog exports to the United States increasing to the approximate range of 9.5-9.6 million head. This level could be moderately lower if the Brandon, Manitoba processing plant began a second shift in 2008, or if the COOL legislation results in a disincentive for importing live hogs from Canada in the last quarter of 2008 (the planned implementation date of COOL).

Canada: Live Swine Exports to the United States

Units: '000 head

				Jan-July	Jan-July	07/06
	2004	**2005**	**2006**	**2006**	**2007**	**% Change**
TOTAL	8,511	8,215	8,777	4,916	5,465	11%
Slaughter Hogs	2,876	2,777	2,751	3,461	3,738	8%
Feeder Pigs	5,627	5,415	6,014	1,450	1,719	19%
Purebred Pigs	8	23	12	5	8	60%

Source of data: World Trade Atlas

Per Capita Consumption

According to Statistics Canada, per capita pork consumption increased fractionally during 2006 ending a series of annual declines since pork consumption peaked during 2001. Despite the development, per capita pork consumption in Canada fell almost 20% over the six year period 2001-2006. Some of the factors behind declining pork consumption include 1) Strong retail prices during a period when BSE-related issues boosted Canadian beef supplies, 2) Consumer perception that the preparation of pork based meals at home is lengthy compared to other meats and; 3) pork's inability to capitalize on foodservice market gains shared by other meats and fish.

Canadian Per Capita Pork Consumption

Units: kilograms (carcass weight basis)

2001	2002	2003	2004	2005	2006
28.94	27.83	25.12	26.64	23.04	23.33

Source: Statistics Canada

Pork Imports

U.S. pork sales to Canada increased 6% during 2006 to reach 111,794 MT (product weight) and advanced an additional 5% in the first seven months of 2007. Canadian pork imports have increased in recent years reflecting the appreciation of the Canadian dollar and demand for U.S. fresh or chilled pork cuts, including back ribs and for U.S. prepared pork including pre-packaged sausages. More than 80% of pork imported from the United States is destined for Ontario and British Columbia. For 2008, demand for U.S. pork in Canada is expected to increase modestly reflecting the outlook for lower Canadian pork production and forecasts of an even stronger Canadian dollar.

Canada: Pork Imports

MT- Product Weight Basis

Country	2004	2005	2006	Jan-July 2006	Jan-July 2007	% change 07/06
-- The World --	80,697	107,325	111,794	61,465	64,729	5%
United States	78,137	99,919	105,669	59,862	63,306	6%
Denmark	1,329	5,241	2,687	52	-	-100%
Chile	0	790	2,301	1,040	1,000	-4%
Italy	575	430	515	258	282	9%
Poland	119	62	112	72	39	-45%
All Others	537	882	509	182	101	-44%

Source: World Trade Atlas

Pork Exports

After more than ten years of consecutive annual increases, Canadian pork exports during 2006 fell fractionally from the year earlier level and are poised to register a further decline in 2007. The table shows Canadian pork exports, by country, on a product weight basis, 2004-2006. In the first seven months of 2007, total pork exports slipped 4% from their mark at the same time a year ago. Lower exports to Russia were a major factor in the decline but exports to small markets (shown below as "All Others") were off sharply, down 59% from their seven month tally in 2006. For 2008, the outlook for lower pork production in Canada, prospects for increased live hog exports to the United States, and prospects for a strong Canadian dollar point to lower Canadian pork exports, probably in the neighborhood of 1-1.5% lower than the 2007 realized level.

Canada: Pork Exports

MT- Product Weight Basis

Country	2004	2005	2006		Jan-July 2006	Jan-July 2007	% change 07/06
-- The World --	747,427	833,602	831,263		483,973	466,001	-4%
United States	387,507	367,638	345,017		198,292	201,954	2%
Japan	177,597	233,895	188,455		117,676	120,600	2%
Russia	11,038	19,615	63,933		39,422	28,407	-28%
Korea, South	21,725	44,369	57,288		29,572	29,275	-1%
Australia	35,133	34,080	37,204		19,612	22,586	15%
Mexico	42,047	35,050	29,046		16,726	16,736	0%
China	8,904	13,880	15,870		9,209	9,608	4%
New Zealand	6,889	6,683	8,363		4,272	5,733	34%
South Africa	533	3,151	7,277		3,924	6,006	53%
Philippines	6,056	7,773	5,976		2,876	4,163	45%
Taiwan	10,982	9,432	5,060		3,124	2,586	-17%
Hong Kong	4,681	3,088	3,658		2,049	2,960	44%
All others	34,335	54,947	64,115	#	37,219	15,388	-59%

Source: World Trade Atlas

Pork Exports ; 10 Year Graph